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UNCLAS BRATISLAVA 000537

SIPDIS

SENSITIVE

DEPT FOR DRL/IL
DOL FOR ILAB
INFO ADDRESSEES FOR LABOR OFFICERS

E.O. 12958: N/A

TAGS: [PGOV](#) [ELAB](#) [LO](#)

SUBJECT: UNION LEADERS ON PARTNERSHIP WITH SMER, DECLINING
POPULARITY, AND DISTRUST OF REFORMS

SENSITIVE BUT UNCLASSIFIED - NOT FOR INTERNET

11. (SBU) Summary: Slovakia's Confederation of Trade Unions (KOZ) has lost nearly half of its membership since 1993, and its leadership is both upset and threatened by recent government economic reforms. During a recent meeting with Poloffs, KOZ leaders discussed their decision to work closely with opposition political party Smer. KOZ hopes that Smer's high polling numbers will translate into favorable results in the 2006 parliamentary elections, and that having more "friends" in parliament will allow them to better protect their interpretation of worker's rights (an interpretation at odds in some ways with EU labor standards). Meanwhile, KOZ continues to lose members due to its inability to represent their concerns and its alienation from the current government. End Summary.

KOZ LOSES ITS PLACE AT THE TABLE...

12. (SBU) In early June, Poloffs met with KOZ President Ivan Saktor, Vice President Eugen Skultety, and office manager Pavel Lascek. Both Saktor and Skultety immediately complained about what they consider "right wing" government actions, which have had a negative impact on workers and people with low incomes. For instance, they cited legislation in 2003 and 2004 that ended KOZ representation on the boards of public institutions, such as social insurance, the National Labor Office, and general health insurance. In addition, a January 2005 law did away with the "Tripartite Commission" (the Economic and Social Agreement Council--RHSD). This body included seven representatives from KOZ, employers' organizations, and the government and was charged with setting Slovakia's employment regulations, including establishing minimum wages and standardizing work weeks. It was replaced with the non-binding "Tripartite Council," which Saktor said is only an advisory body for the government, based on "gentlemen's agreements" and with no real power.

...AND TURNS TO SMER FOR HELP

13. (SBU) Having allied itself closely with then-coalition parties SDL (the socialist "Party of the Democratic Left") and HZDS ("Movement for a Democratic Slovakia," in the post-independence period the party of then-Prime Minister Vladimir Meciar), KOZ found itself alienated after the 1998 elections which removed HZDS from power. Worried about the Dzurinda government's plan to liberalize labor laws if re-elected in 2002, KOZ made hectic attempts to mobilize workers against the government in the 2002 parliamentary elections. Though it received USAID-funded assistance from the AFL-CIO from 1997-2000, specifically in the areas of representation, voter education, and membership, the organization still found itself "soul searching" in post-communist Slovakia.

14. (SBU) KOZ told us that it has developed a new strategy for September 2006 parliamentary elections: court the support of an opposition political party, work behind the scenes, and hope the party supports the KOZ agenda after elections. Saktor said the KOZ leadership decided to nurture connections with Robert Fico's Smer ("Direction") party, with the hope that Smer's high polling numbers would translate into election success. Saktor told poloffs that KOZ does not plan to use tactics such as the April 2004 referendum on early elections, nor mass protests against the government, as those previous strategies proved detrimental to KOZ's goals. (Comment: They also directly contributed to the government's decision to abolish the Tripartite Commission.)

15. (SBU) Although KOZ leadership has now placed all bets on Smer, its general membership decided at the November 2004 congress not to support Smer exclusively, in part because many KOZ members remain loyal supporters of Meciar. KOZ then sent questionnaires to all parliamentary parties to

discuss potential cooperation. Prime Minister Dzurinda's SDKU party responded that it will continue pro-market economic reforms. The communist party KSS was more enthusiastic, responding that it was ready to support any and all KOZ policy suggestions. Smer, Saktor said, responded with a thorough and well-developed outline of potential areas of cooperation with KOZ, and a party representative has since been participating in KOZ meetings (and vice versa).

16. (SBU) The allegiance to Smer may prove to be problematic for KOZ. There is a strong pro-business wing within Smer, which Saktor acknowledged, and many of the party's movers and shakers represent exactly the upper management types of which KOZ is wary.

17. (SBU) The political affiliation and party preferences of KOZ's declining membership (currently 570,000 people, down from 1.2 million in 1993) generally reflect those of the population at large. KOZ leaders are now trying to motivate their members to support Smer by regularly preparing and disseminating voting records on important labor topics, and their analyses of the impact of recent economic reforms. Saktor said KOZ leaders would not run on the candidate lists of any party, as their prior experience with this approach was "not good."

WARY OF ECONOMIC REFORMS

18. (SBU) KOZ still plays upon concern, fear, and anger about Slovakia's economic situation. Jobs created through the government's economic reforms are not distributed evenly through the country, and many regions still suffer from high unemployment and general dissatisfaction. KOZ calculated that the 2004/2005 economic reforms (which temporarily increased the prices of gas and electricity, and permanently raised the cost of transportation, health care, etc.) will cost an average Slovak family around USD 500 a year. KOZ plans to use these figures in campaigns targeting their members as well as the general population. On the other hand, they are against other "pro-worker" policies. For example, KOZ is fighting the EU's cap on weekly work hours (48 working hours in Slovakia), as well as proposals to close shops on Saturdays and Sundays, as both proposals are extremely unpopular among affected workers (Slovaks argue that due to low wages, they should be able to work more than one job - and thus more than 48 hours per week - to make ends meet).

WHO'S WHO IN THE KOZ LEADERSHIP

19. (U) The current leadership of KOZ is: Ivan Saktor, President; Eugen Skultety, Vice President for Labor Policy; Vladimir Mojs, Vice President for Economic Policy and Social Partnership; Jozef Schmidt, Vice President for Production Union Associations; Jan Gasperan, Vice President for Non-production Union Associations.

110. (SBU) COMMENT: Despite the efforts in the late 1990's of both USAID and the AFL-CIO to transform KOZ from a mandatory, communist union to one based upon representation, KOZ has walked and quacked too much like a political party, resulting in its alienation from the current ruling coalition and thereby becoming less effective at its mission. As its membership continues to decline and EU labor policies become more commonplace, KOZ may eventually face a crossroads at which it either drastically changes the way it does business, or fades from the scene altogether.

THAYER

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